

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

B. SWAPTION AGREEMENT

Objective of the Swaption Transaction. The swaption transaction allowed the District to take advantage of current interest rate market conditions to monetize the value of the optional redemption provisions relating to its Series 1995 Bonds.

Key Terms. In June of 2003, the District entered into a swap option transaction (the "Swaption") with Citibank, N.A. (the "Provider"), pursuant to which Citibank paid an upfront premium of \$1,915,000 to the District for the right, but not the obligation, to require the District to enter into an amortizing \$35,850,000 floating-to-fixed rate swap on pre-defined terms on one of three specific dates in 2005, 2006 and 2007. Under the terms of the Swaption, if exercised, the District would pay a fixed rate of 5.20%, while receiving a floating rate payment of one-month LIBOR plus 0.05%.

If the Swaption is exercised by Provider, the District intends to issue floating rate taxable refunding bonds to refund its Series 1995 Bonds. The floating-to-fixed swap will mirror, and provide a hedge for, the floating rate taxable refunding bonds. When taking into account certain projected costs for bank liquidity facilities and remarketing fees, the District expects that the hedged refunding bond cash flows will closely approximate the prior payment obligations for the Series 1995 Bonds. The nature of the refunding bond Swaption transaction allows the District to currently realize the present value of the refunding savings that will occur in the future if the option is exercised. The District retains the Swaption premium payment whether or not the Provider exercises the Swaption.

The District obtained an insurance policy from a "AAA"-rated bond insurer guaranteeing its payment obligations under the Swaption transaction. In addition, the same insurer is providing a forward commitment to insure the taxable floating rate refunding bonds, if and when they are issued.

Counterparty Risk. The District has entered into an ISDA Master Agreement, Schedule and Credit Support Annex (the "ISDA Agreement") with Citibank, N.A. ("Aa1"/"AA"/"AA+") payment to which both Citibank's and the District's obligations are secured by collateral posting requirements that vary, based on the market value of the transaction and then current credit ratings for the District and the Provider. Management has evaluated the potential market value changes of the swap under varying interest rate scenarios, and coupled with the credit protections built into the ISDA Agreement is satisfied that risk of material loss due to counterparty failure of the Provider is remote.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

Market Access Risk. The plan of finance contemplates that the District will issue refunding bonds in the future if the Swaption is exercised. The District has secured a commitment from a "AAA"-rated bond insurer to insure the refunding bonds to mitigate the risk that it cannot sell refunding bonds based on its own credit. District management is aware that there are other potential scenarios under which it could not issue refunding bonds in a timely fashion (including, but not limited to, failure to (i) meet required debt service coverage ratios or (ii) receive the Texas Attorney General's required approval prior to such issuance), but judges these additional scenarios as remote risks.

Basis Risk. The District's taxable floating rate bonds are expected to closely approximate changes in the one-month LIBOR floating rate index. Consequently, management believes that the one-month LIBOR index receipt under the Swaption will closely approximate changes to its funding cost.

Interest Rate Risk. If exercised, the Swaption will result in a fixed rate for the life of the refunding bonds. Changes in long-term interest rates will cause positive and negative changes in the mark-to-market value of the transaction over time. [Assuming the Swaption is exercised, the mark-to-market value will fluctuate in value similar to a fixed income taxable security of similar coupon and maturity.]

Termination Risk. The ISDA Agreement provides that each party has the right to terminate the agreement early under certain specified standard events, such as a party losing the legal ability to remain in the transaction, failure to make scheduled payments when due, cross default to other obligations in excess of stated threshold amounts, failure to comply with the requirements of the refunding bond indenture provisions, and failure to maintain ratings of at least "Baa2"/"BBB", by Moody's Investors Service and Standard & Poor's Ratings Group, respectively. The ISDA Agreement also provides that so long as the insurer satisfies the District's payment obligations, and the insurer remains rated at least "A3"/"A-", the Provider may not exercise its rights to early terminate the transaction without the consent of the insurer. A downgrade of the insurer's ratings below the minimum rating level will require the District to post collateral for the negative mark-to-market value of the swap, if any, if its ratings are below "A3"/"A-". An early termination of the transaction would expose the District to a potential mark-to-market payment obligation. District management evaluated such scenarios prior to entering into the Swaption and viewed the same as remote, as well as manageable in the event of occurrence.

Bank Liquidity Facility Rollover Risk. The refunding plan of finance may require the use of external bank liquidity facilities in support of the issuance of variable rate taxable refunding bonds. Since such facilities are generally procured for a period less than the full term of the bonds, the District is exposed to the renewal of such facilities at commercially reasonable prices. District management believes that the use of "AAA"-rated municipal bond insurance mitigates this concern. In addition, the District has access to variable rate marketing modes that do not currently require the use of such bank facilities.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

C. RECEIVABLES

1. District Customers

This account consists of amounts due from customers for water, agency fees, fire hydrants, repairs and impact fees. Included in this amount is \$1,423,226 of unbilled water receivables.

2. Miscellaneous Receivables

This account is comprised of NSF checks, employee, and other miscellaneous receivables. NSF checks receivables at April 30, 2004 is \$13,117, net of an allowance for doubtful accounts of \$169,602.

D. CAPITAL ASSET ACTIVITY

The beginning balances have been restated for the purposes described in Note J. Capital asset activity for the year ended April 30, 2004, was as follows:

Asset Class	Balance May 1, 2003 (Restated)	Additions	Deductions	Balance April 30, 2004
Capital Assets, not subject to depreciation				
Land	\$ 11,473,007	\$ -	\$ -	\$ 11,473,007
Construction In Progress	6,588,400	8,784,141	(127,698)	15,244,843
Total Capital Assets not subject to depreciation	18,061,407	8,784,141	(127,698)	26,717,850
Capital Assets, being depreciated				
Utility Plant and Distribution System	236,259,406	8,442,592	(1,759,343)	242,942,655
Buildings and Improvements	7,747,455	4,765	-	7,752,220
Water Rights Diversion	4,137,420	-	-	4,137,420
Equipment	1,698,525	32,016	-	1,730,541
Communication Equipment	4,516,134	300,710	(259,289)	4,557,555
Computer Equipment	3,435,135	110,707	-	3,545,842
Construction Equipment	8,170,449	456,727	-	8,627,176
Software	1,305,554	8,172	-	1,313,726
Vehicles	2,904,136	302,010	(30,712)	3,175,434
Furniture and Fixtures	972,149	-	-	972,149
Total Capital Assets being depreciated	271,146,363	9,657,699	(2,049,344)	278,754,718

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

Less Accumulated Depreciation for:

Utility Plant and Distribution System	(44,442,299)	(7,297,469)	169,453	(51,570,315)
Buildings and Improvements	(1,383,324)	(239,477)	-	(1,622,801)
Water Rights Diversion	(559,224)	(103,436)	-	(662,660)
Equipment	(1,215,258)	(133,724)	-	(1,348,982)
Communication Equipment	(1,176,071)	(191,941)	259,289	(1,108,723)
Computer Equipment	(3,044,925)	(139,246)	-	(3,184,171)
Construction Equipment	(5,209,098)	(605,585)	-	(5,814,683)
Software	(596,897)	(240,490)	-	(837,387)
Vehicles	(1,828,813)	(335,376)	30,709	(2,133,480)
Furniture and Fixtures	(776,368)	(58,518)	-	(834,886)
Total Accumulated Depreciation	<u>(60,232,277)</u>	<u>(9,345,262)</u>	<u>459,451</u>	<u>(69,118,088)</u>

Total Capital Assets, Net	<u>\$ 228,975,493</u>	<u>\$ 9,096,578</u>	<u>\$ (1,717,591)</u>	<u>\$ 236,354,480</u>
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Depreciation expense for the current year was \$9,345,262.

E. CAPITALIZED INTEREST COSTS

Interest costs incurred on revenue bonds and commercial paper totaled \$9,978,001 of which \$205,748 was capitalized as part of the cost of the District's construction projects.

F. OPERATING LEASES

The District leases a vehicle and several copiers under noncancelable operating leases. Total costs for such leases were \$64,811 for the year ended April 30, 2004. The future minimum lease payments are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2005	\$ 71,942
2006	60,445
2007	60,445
2008	16,126
Total	<u>\$ 208,958</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

G. LONG TERM DEBT

1. Capital Leases Payable

The District entered into various lease agreements for financing the acquisition of computer equipment, software, heavy equipment, and vehicles. These lease agreements meet the definition of a capital lease for accounting purposes and, therefore, are recorded at the present value of future minimum lease payments as of the inception date. The terms of the leases are for 3 to 10 years with payments of \$165,936 monthly and \$1,991,232 annually and annual percentage rates from 0% to 12.5%. At the end of the respective lease terms, the ownership of the asset transfers to the District or the District has the option to purchase the asset. The leases are included in capital assets in the amounts of \$7,142,627 and \$1,061,514 in equipment and vehicles, respectively and the related amortization is included in accumulated depreciation in the amount of \$1,444,894 and \$175,461 for equipment and vehicles, respectively.

Future minimum lease payments under capital leases are as follows:

Year Ending April 30,	Amount
2005	\$ 1,572,444
2006	1,188,893
2007	519,086
2008	407,346
2009	332,957
2010-2012	<u>777,062</u>
Total Minimum Lease Payments	4,797,788
Less: Amount Representing Interest	<u>(533,248)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 4,264,540</u>

2. Contracts Payable

The District has entered into several installment contracts for the acquisition of vehicles, which carry interest rates varying from 6.75% to 12.5% and provide for monthly installments for a period of 36 months. The vehicles with a cost of \$161,633 are pledged against the contract at which time the District has the option of:

- a. making the final payments due which range from \$8,012 to \$20,429,

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

- b. refinancing the final payment, or
- c. selling the vehicle to the creditor for an amount equal to the originally scheduled final payment less a \$250 disposal fee. The District is to pay the creditor an excess mileage charge plus the cost of all repairs to the vehicle that are the result of excess wear.

Historically, the District has exercised its option of returning the vehicles and has paid the additional charges since it considers this option to be the most economical method.

Future contract payments are scheduled for payment as follows:

<u>Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 77,506	\$ 10,403	\$ 87,909
2006	32,463	583	33,046
Total	<u>\$ 109,969</u>	<u>\$ 10,986</u>	<u>\$ 120,955</u>

3. Commercial Paper Note Program

On July 1, 2002, the Board of Directors approved \$50,000,000 of "Bexar Metropolitan Water District Commercial Paper Notes" that are used to provide funds for the interim financing of a portion of capital improvements to the District and to refinance, renew, or refund the existing notes.

The District has covenanted to maintain at all times credit facilities with banks or other financial institutions which would provide available borrowing sufficient to pay the principal of the commercial paper notes.

The borrowings under the Commercial Paper Note Program are equally and ratably secured by and are payable from (1) the proceeds from the sale of the bonds and (2) borrowing under and pursuant to the credit agreement.

To further support the issuance of the commercial paper notes, the District entered into a revolving credit agreement with Bayerische Hypo-Und Verinsbank AG (the bank). Pursuant to the agreement, the Bank is obligated to loan to the District an aggregate amount not to exceed \$55,547,946 for the purpose of paying amounts due under the Commercial Paper Note Program. Any borrowings under the credit agreement is equally and ratably secured by and payable from the above mentioned sources pledged for payment of the Commercial Paper Note Program and from a pledge of the Net Revenues of the District, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

Commercial paper notes of \$15,000,000 are outstanding at April 30, 2004. The Commercial paper notes have been classified as long-term in accordance with the refinancing terms of the revolving credit agreement and since management intends to continue the remarketing of the commercial paper notes to maintain a portion of its debt in variable rates. Interest rates on the notes outstanding at year-end range from 1.04% to 1.35% and from 16 to 85 days in maturity.

4. Revenue Bonds Payable

The District issues revenue bonds to refund other bond issues and or commercial paper notes, provide funds for construction, repair and maintain existing facilities, acquire new systems, and to pay the issuance costs. These bonds constitute special obligations of the District and are secured by revenues from the District's operation.

Revenue bonds payable as of April 30, 2004 consists of:

Waterworks System Revenue Bonds, Series 1995 with \$36,835,000 outstanding at the end of the year. Interest rates range from 3.9% to 6.35% and is payable semi-annually on May 1 and November 1 each year.

Waterworks System Revenue Bonds, Series 1998 with \$65,110,403 outstanding at the end of the year. Interest rates range from 3.75% to 5.6% and is payable semi-annually May 1 and November 1 each year.

Water Facility Contract Revenue Bond, Series 1998, with \$28,401,424 outstanding at the end of the year, issued by the Bexar Metropolitan Development Corporation. Interest rates range from 4.05% to 5.5% and is payable semi-annually May 1 and November 1 each year.

Waterworks System Revenue Refunding Bonds, Series 2002 with \$56,935,000 outstanding at the end of the year. Interest rates range from 3.0% to 5.375% and is payable semi-annually May 1 and November 1 each year.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

The annual debt service requirements for the revenue bonds as of April 30, 2004 are as follows:

<u>Year Ended April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2005	\$ 3,550,000	\$ 8,572,381	\$ -	\$ 12,122,381
2006	3,680,000	8,426,220	-	12,106,220
2007	4,320,000	8,280,383	-	12,600,383
2008	4,485,000	8,114,063	-	12,599,063
2009	4,685,000	7,932,043	-	12,617,043
2010-2014	26,775,000	36,346,160	-	63,121,160
2015-2019	28,463,951	29,683,710	5,016,049	63,163,710
2020-2024	35,617,473	21,987,796	5,792,528	63,397,797
2025-2029	36,262,752	12,179,034	14,962,248	63,404,034
2030-2034	16,862,949	6,499,845	26,322,050	49,684,844
2035-2039	21,574,702	4,007,250	10,910,298	36,492,250
	<u>\$ 186,276,827</u>	<u>\$ 152,028,884</u>	<u>\$ 63,003,173</u>	<u>\$ 401,308,884</u>

In prior years, the District defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At April 30, 2004 \$49,820,000 of bonds outstanding is considered defeased.

The District has not defaulted on any principal or interest payments. There are a number of limitations and restrictions contained in the bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at April 30, 2004.

The following describes the debt service coverage ratio covenant provided by each bond indenture.

Debt Service Coverage Ratio

The Waterworks System Revenue Bonds, Series 1995; Waterworks System Revenue Bonds, Series 1998; Waterworks System Revenue Refunding Bonds, Series 2002; and the Subordinate Revenue Notes, Series 1995A provide for a debt service coverage ratio covenant. The covenant states that the District shall generate, in each year, net revenues (all revenues, excluding grant revenues, less operating expenses, less depreciation expense) equal to 1.25 times the principal and interest payments, less capitalized interest.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

For the year ended April 30, 2004, the District's debt service coverage ratio was as follows:

Operating Revenues	\$ 43,903,677
Non-Operating Revenues	6,160,341
Grant Revenue	<u>(247,563)</u>
Gross Revenues	<u>49,816,455</u>
Operating Expenses	39,834,681
Depreciation	(9,345,262)
Non-Bond Related Interest Expense	<u>270,964</u>
Net Expenses	<u>30,760,383</u>
Net Revenues	<u>\$ 19,056,072</u>
Debt Service	
Revenue Parity Bonds	\$ 10,036,733
Subordinate Revenues Notes	125,000
Commercial Paper	<u>148,252</u>
Total Debt Service Requirement	<u>\$ 10,309,985</u>
Debt Service Ratio	<u>1.85</u>

5. Subordinate Revenue Notes Payable

Subordinate Revenue Notes, Series 1995A with \$1,625,000 outstanding at the end of the year were issued for the purpose of providing funds for acquisitions and construction of additions and improvements to the District. These notes have a zero interest rate.

The annual debt service requirements for the revenue notes payable as of April 30, 2004 are as follows:

<u>Year Ending April 30,</u>	<u>Total</u>
2005	\$ 125,000
2006	125,000
2007	125,000
2008	125,000
2009	125,000
2010-2014	625,000
2015-2019	<u>375,000</u>
Total	<u>\$ 1,625,000</u>

000143

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

H. BOND REDEMPTIONS

1. The Bexar Metropolitan Water District Waterworks System Revenue Bonds, Series 1995 are subject to mandatory and optional redemption prior to maturity as follows:

Optional Redemption

The Bonds maturing on or after May 1, 2006 are subject to redemption in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2005, or on any date selected by the District, at the redemption prices set forth below plus accrued interest to the date fixed for redemption. If less than all the Bonds are to be redeemed, the District will determine the maturity or maturities and the amounts to be redeemed and will direct the Paying Agent/Registrar to call the Bonds by lot, or portions thereof, within such maturity or maturities, and in such principal amounts for redemption.

<u>Dates</u>	<u>Redemption Prices</u>
May 1, 2005 through April 30, 2006	102%
May 1, 2006 through April 30, 2007	101%
May 2, 2007 and thereafter	100%

Mandatory Redemption

The Bonds maturing on May 1, 2009, will be subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2007	\$ 830,000
2008	870,000
2009	915,000

The Bonds maturing on May 1, 2015, will be subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2010	\$ 965,000
2011	1,025,000
2012	1,090,000
2013	1,150,000
2014	1,220,000
2015	1,810,000

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

The Bonds maturing on May 1, 2022, will be subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2016	\$ 1,920,000
2017	2,030,000
2018	2,150,000
2019	2,275,000
2020	2,410,000
2021	2,550,000
2022	2,700,000

The Bonds maturing on May 1, 2025, will be subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2023	\$ 2,395,000
2024	2,545,000
2025	2,705,000

2. The Bexar Metropolitan Water District, Waterworks System Revenue Bonds, Series 1998, are subject to mandatory and optional redemption prior to maturity as follows:

Optional Redemption

The Bonds maturing on or after May 1, 2009 are subject to redemption in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2008, or on any date selected by the District, at the redemption prices set forth below plus accrued interest to the date fixed for redemption. If less than all the Bonds are to be redeemed, the district will determine the maturity or maturities and the amounts to be redeemed and will direct the Paying Agent/Registrar to call the Bonds by lot, or portions thereof, within such maturity or maturities, and in such principal amounts for redemption.

<u>Dates</u>	<u>Redemption Prices</u>
May 1, 2008 through April 30, 2009	102%
May 1, 2009 through April 30, 2010	101%
May 1, 2010 and thereafter	100%

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

Mandatory Redemption

The Current Interest Bonds maturing on May 1, 2022 are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2019	\$ 2,050,000
2020	2,155,000
2021	2,260,000
2022	2,375,000

The Current Interest Bonds maturing on May 1, 2025 are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2023	\$ 2,955,000
2024	3,105,000
2025	3,265,000

The Current Interest Bonds maturing on May 1, 2038 are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2036	\$ 6,305,000
2037	6,620,000
2038	6,950,000

Capital Appreciation Bonds

The Capital Appreciation Bonds are subject to redemption in whole or in part in principal amounts at maturity of \$5,000 or any integral multiple thereof, on May 1, 2008, or any date selected by the District thereafter at the redemption prices set forth below for the accreted value to the date fixed for redemption. If less than all the Capital Appreciation Bonds are to be redeemed, the District will determine the maturity or maturities and the amounts therewith to be redeemed and will direct the Paying Agent/Registrar to call the Capital Appreciation Bonds by lot, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

<u>Dates</u>	<u>Redemption Prices</u>
May 1, 2008 through April 30, 2009	103.00%
May 1, 2009 through April 30, 2010	102.50%
May 1, 2010 through April 30, 2011	102.00%
May 1, 2011 through April 30, 2012	101.50%
May 1, 2012 through April 30, 2013	101.00%
May 1, 2013 through April 30, 2014	100.50%
May 1, 2014 and thereafter	100.00%

3. The Bexar Metropolitan Development Corporation, Water Facility Contract Revenue Bonds, Series 1998, are subject to mandatory and optional redemption prior to maturity as follows:

Optional Redemption

The Bonds maturing on or after May 1, 2009 are subject to redemption in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2008, or on any date selected by the District, at the redemption prices set forth below plus accrued interest to the date fixed for redemption. If less than all the Bonds are to be redeemed, the district will determine the maturity or maturities and the amounts to be redeemed and will direct the Paying Agent/Registrar to call the Bonds by lot, or portions thereof, within such maturity or maturities, and in such principal amounts for redemption.

<u>Dates</u>	<u>Redemption Prices</u>
May 1, 2008 through April 30, 2009	102%
May 1, 2009 through April 30, 2010	101%
May 1, 2010 and thereafter	100%

Mandatory Redemption

The Current Interest Bonds maturing on May 1, 2025, are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2024	\$ 1,635,000
2025	1,720,000

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

The Current Interest Bonds maturing on May 1, 2028 are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2026	\$ 1,805,000
2027	1,895,000
2028	1,990,000

The Waterworks System Revenue Refunding Bonds, Series 2002, are subject to mandatory redemption prior to maturity as follows:

Optional Redemption

The Bonds maturing on or after May 1, 2013 are subject to redemption in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2012, or on any date selected by the District thereafter, for a redemption price equal to 100% of their principal amount plus accrued interest to the date fixed for redemptions. If less than all the Bonds are to be redeemed, the district will determine the maturity or maturities and the amounts to be redeemed and will direct the Paying Agent/Registrar to call the Bonds by lot, or portions thereof, within such maturity or maturities, and in such principal amounts for redemption.

Mandatory Redemption

The Term Bonds maturing on May 1, 2026 are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2021	\$ 1,825,000
2022	1,915,000
2023	2,010,000
2024	2,110,000
2025	2,215,000
*2026	2,325,000

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

The Term Bonds maturing on May 1, 2032 are subject to mandatory redemption at par plus accrued interest in the following amounts on the following dates:

<u>Redemption Date – May 1</u>	<u>Principal Amount</u>
2027	\$ 2,440,000
2028	2,570,000
2029	2,700,000
2030	2,840,000
2031	2,985,000
2032 (Stated Maturity)	3,135,000

I. CHANGES IN LONG TERM DEBT LIABILITIES

Long term debt activity for the year ended April 30, 2004 was as follows:

	<u>Outstanding May 1, 2003 (Restated)</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding April 30, 2004</u>	<u>Due Within One Year</u>
Revenue Bonds Payable	\$ 189,431,827	\$ -	\$ (3,155,000)	\$ 186,276,827	\$ 3,550,000
Subordinate Revenue Notes Payable	1,750,000	-	(125,000)	1,625,000	125,000
Commercial Paper Notes Payable	10,000,000	5,000,000	-	15,000,000	-
Capital Leases Payable	5,416,162	423,046	(1,574,668)	4,264,540	1,394,531
Contracts Payable	133,551	-	(23,582)	109,969	77,506
Accretion of Interest on Capital Appreciation Bonds	4,891,878	1,192,153	-	6,084,031	-
Total	<u>\$ 211,623,418</u>	<u>\$ 6,615,199</u>	<u>\$ (4,878,250)</u>	<u>\$ 213,360,367</u>	<u>\$ 5,147,037</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

J. RESTATED NET ASSETS

Prior year net assets have been restated due to the following:

	Amount
Net Assets, April 30, 2003 (As Reported)	\$ 49,802,860
Accrued revenue and liability Lone Star Growers Agreement	96,250
Write off capitalized depreciation	(1,666,641)
Adjust bond issuance costs amortization method	170,383
Expense issuance costs and original issuance discount on refunded bonds	(2,162,994)
Reclassify payments recorded as capital assets to expenses	(879,804)
Correction to prior years accumulated depreciation	3,530,702
Record accreted interest on capital appreciation bonds	(4,891,879)
Reduce allowance for uncollectible accounts receivable	554,884
Record contracts payable and related prior years depreciation	(10,503)
Record depreciation on assets not being depreciated	(1,829,448)
Net Assets, April 30, 2003 (As Restated)	<u>\$ 42,713,810</u>

K. SELF FUNDED MEDICAL AND DENTAL CLAIMS

The District has established a single employer employee health and welfare benefit plan authorized by the Employee Retirement Income Security Act of 1974 as amended. The plan provides medical, dental, life and stop loss insurance coverage to eligible employees, former employees, and their dependents. The District provides this at no cost to the employee.

The District pays to the third party administrator, a range of \$90 to \$190 per month, per employee, which includes life, accidental death and dismemberment coverage, stop loss insurance coverage, and administrative charges. Additionally, all medical and dental claims are administered by the third party administrator acting on behalf of the District and are paid by the District.

The determined insurance claims liability of \$191,784 at April 30, 2004 is based upon actual claims paid 60 days after year-end.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

L. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss.

Settled claims resulting from other risks of loss have not exceeded commercial insurance coverage in any of the past three fiscal years.

M. DEFINED BENEFIT PENSION PLAN

Plan Description: The Bexar Metropolitan Water District Retirement Income Plan is a single-employer defined benefit pension plan. The plan is governed by the District, which may amend plan provisions. The District has delegated the authority to manage certain plan assets to The Standard Insurance Company and GE Private Asset Management. The System's covered payroll for employees at March 1, 2003 under this contract was \$7,272,592.

Employees are eligible to enter the plan on March 1 and September 1 next following completion of 12 months of employment and attaining age 21. Participating employees accrue benefits if they work at least 1,000 hours per plan year. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on his normal retirement date. The amount of the benefit is equal to the retirement income earned on the basis of service to date and provided by employer contributions multiplied by the appropriate vested percentage from the table below, plus the benefit, if any, provided by the employee after tax contributions.

<u>Years of Service</u>	<u>Vested Percentages</u>
Less than 5	0%
5 or more	100%

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

Notwithstanding the above schedule, the accrued benefits are 100% vested when a participant attains retirement age, death while an active employee, or total disability. Any benefits derived from employee contributions are always 100% vested.

Actuarially Determined Contribution Requirements and Contributions Made: The plan funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. The aggregate method is used for the actuarial cost, under this method; the plan's projected benefit liability is reduced by existing assets and any remaining unamortized balance to arrive at the present value of future normal costs. This result is then allocated to the current and future years as a level percentage of payroll. The portion allocated to the current year is the normal cost. The actuarial cost is based on the following assumptions:

Standard Insurance Company Actuarial Assumptions	
Actuarial Cost Method	Aggregate
Asset Valuation Method	Market value as of March 1, 2003
Amortization Method	N/A
Salary Scale	Level 5.00% per year
Interest Rate	7.50%
Cost of Living Adjustment	None

Effective April 1, 1996, participants are required to contribute 5% of their salary. These are pre-tax contributions as described in the Internal Revenue Code section 414(h)(2). Prior to April 1, 1996, plan participants contributed 3.2% of their first \$6,000, and 6% of the excess over \$6,000. The District contributes the amount required by the actuary in addition to the participants pretax contributions. Effective March 1, 1995, contributions accrue at an annual interest rate of 120% of the mid term applicable deferral rate (AFR). Effective March 1, 2000, contributions accrue at an annual interest rate of 5% and also provide an additional benefit.

The annual pension cost, percentage of annual pension cost contributed, and the net pension obligation data at the end of the year and for each of the preceding two years is not available.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

N. CONTINGENCIES AND COMMITMENTS

1. Pending Litigation

The District is the subject of various claims and litigation, which have risen in the ordinary course of its operations. Management, in consultation with legal counsel, is of the opinion that the District's liabilities in these cases, if decided adversely to the District, will not be material.

2. Construction Contracts

The District is committed under various contracts for completion of construction or acquisition of capital assets totaling approximately \$644,489 as of April 30, 2004.

3. Grants

The District participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectibility of any related receivable at April 30, 2004 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grant; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

4. Water Purchase Contracts

The District entered into a water supply agreement with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA) to purchase water. The basic term of this contract is fifty (50) years with an additional forth (40) year option. The contract requires the District to "take a pay" in equal monthly installments fixed minimum payments for the first twelve (12) years.

The District entered into a forty (40) year regional tax-exempt water supply contract with Canyon Regional Water Authority (CRWA). This contract requires the District to take or pay for 2,350 acre feet of water. Minimum amounts will be recalculated each year. The District also has the responsibility to fund a proportionate share of all capital and operating agreements with this entity.

The District entered into a water purchase agreement, as amended with Canyon Lake Water Supply Corporation for an unstated period. The District has agreed to buy and sell certain acre-feet per year.

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

O. SEGMENT INFORMATION

The District operates the Bexar Metropolitan Development Corporation (BMDC) as described in Note 1. Segment information as of and for the year ended April 30, 2004, is as follows:

Condensed Statement of Net Assets

Assets:

Current Assets	\$ 223,263
Intercompany Receivables	5,830
Restricted Assets	5,338,612
Capital Assets, Net	24,402,258
Other Assets	869,668
Total Assets	<u>\$ 30,839,631</u>

Liabilities:

Current Liabilities	\$ 170,970
Intercompany Payables	150
Current Liabilities Payable from Restricted Assets	1,565,324
Non-Current Liabilities	28,108,012
Total Liabilities	<u>29,844,456</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt	(2,836,086)
Restricted Net Assets	3,773,287
Unrestricted Net Assets	57,974
Total Net Assets	<u>995,175</u>
Total Liabilities and Net Assets	<u>\$ 30,839,631</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Water Sales to Customers	\$ 4,403,252
Operating Expenses	(1,905,578)
Depreciation Expense	(766,988)
Operating Income	<u>2,540,686</u>
Nonoperating Revenue (Expenses):	
Interest Earned	129,800
Loss on Sale of Capital Assets	(960,232)
Bond and Other Interest Expense	(1,437,462)
Amortization of Bond Issuance Costs	(59,108)
Change in Net Assets	<u>213,684</u>
Beginning Net Assets (Restated)	<u>781,491</u>
Ending Net Assets	<u>\$ 995,175</u>

Condensed Statement of Cash Flows

Net Cash Provided (Used) By:	
Operating Activities	\$ 3,326,707
Capital and Related Financing Activities	(3,053,014)
Investing Activities	129,800
Net Increase	<u>403,493</u>
Beginning Cash and Cash Equivalents (Restated)	<u>5,158,382</u>
Ending Cash and Cash Equivalents	<u>\$ 5,561,875</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2004

P. SUBSEQUENT EVENTS

1. EAA Permit Water Rights Lease

On May 14, 2004, the District entered into an agreement with Laguna Water II, Ltd. for the lease of water rights. For the period of July 1, 2004 through December 31, 2004, the District will lease 1200 acre feet of water rights. For the period of January 1, 2005 through December 31, 2014, the District will lease 2500 acre feet per annum out of the water rights. The District is required to pay in four equal installments due January 1, April 1, July 1, and October 1 the lease payment of \$126.75 per acre foot for the 2004 calendar year and for each calendar year thereafter until the end of the lease, the base amount will increase by 3%.

2. Pre-paid Impact Fees

On April 27, 2004, the District entered into an agreement with SR Holdings, L.P. for the purpose of providing public water service for the development of residential and commercial development, in the amount of one million dollars. On July 29, 2004, the District received the pre-paid impact fees from the developer.

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000157

REQUIRED SUPPLEMENTARY INFORMATION
(Required by the Texas Commission on Environmental Quality)

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Revenues, Expenses and Changes in Net Assets - Enterprise Fund
Budget and Actual

Year Ended April 30, 2004

	Original Budget **	Actual Amounts GAAP Basis *	Variance with Budget Favorable/ (Nonfavorable)
Operating Revenues			
Water Sales	\$ 36,320,000	\$ 37,249,594	\$ 929,594
Customer Penalties and Fees	1,400,000	2,560,970	1,160,970
Impact Fees	2,000,000	1,946,495	(53,505)
Collection Fees for Sewer, Garbage and Fire Protection	1,078,000	1,070,449	(7,551)
Fire Protection	75,000	131,762	56,762
Regulatory Fees	892,700	944,407	51,707
Total Operating Revenues	<u>41,765,700</u>	<u>43,903,677</u>	<u>2,137,977</u>
Operating Expenses			
Production Expenses	19,999,917	22,890,396	(2,890,479)
Administrative and General Expenses	7,572,308	10,906,697	(3,334,389)
Depreciation	6,600,000	8,578,274	(1,978,274)
Total Operating Expenses	<u>34,172,225</u>	<u>42,375,367</u>	<u>(8,203,142)</u>
Operating Income (Loss)	<u>7,593,475</u>	<u>1,528,310</u>	<u>(6,065,165)</u>
Non-Operating Revenues (Expenses)			
Gain on Swap Transactions	-	3,776,999	3,776,999
Grant Revenue	-	247,563	247,563
Interest Earned	570,000	526,260	(43,740)
Main and Service Extensions	850,000	1,008,104	158,104
Bad Debts Recovered	20,000	36,982	16,982
Other Non-Operating Revenues	524,000	434,633	(89,367)
Gain on Sale of Assets	-	51,565	51,565
Bond and Other Interest Expense	(8,417,605)	(8,540,539)	122,934
Amortization of Bond Issuance Costs	(455,000)	(1,211,149)	756,149
Total Non-operating Revenues (Expenses)	<u>(6,908,605)</u>	<u>(3,669,582)</u>	<u>3,239,023</u>
Increase/(Decrease) in Net Assets, Before Capital Contributions	684,870	(2,141,272)	(2,826,142)
Capital Contributions	<u>-</u>	<u>7,373,620</u>	<u>7,373,620</u>
Change in Net Assets	<u>\$ 684,870</u>	<u>\$ 5,232,348</u>	<u>\$ 4,547,478</u>

* Actual expenses do not include the Bexar Met Development Corporation since a budget is not adopted.

** There were no budget amendments during the year.

000159

OTHER SUPPLEMENTARY INFORMATION

000160

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Combining Statement of Net Assets - Proprietary Funds

April 30, 2004

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
ASSETS				
Current Assets				
Unrestricted Current Assets				
Cash and Cash Equivalents	\$ 1,456,484	\$ 223,263	\$ -	\$ 1,679,747
Accounts Receivable:				
District Customers (Net of allowance for uncollectible accounts of \$196,252)	4,224,947	-	-	4,224,947
Miscellaneous (Net of allowance for uncollectible accounts of \$169,602)	1,243,214	-	-	1,243,214
Intercompany Receivable	150	5,830	(5,980)	-
Prepaid Expenses	219,746	-	-	219,746
Inventory	1,390,571	-	-	1,390,571
Security Deposits	12,985	-	-	12,985
Total Unrestricted Current Assets	<u>8,548,097</u>	<u>229,093</u>	<u>(5,980)</u>	<u>8,771,210</u>
Restricted Current Assets				
Investments	16,193,600	5,338,612	-	21,532,212
Escrow Accounts	167,591	-	-	167,591
Total Restricted Assets	<u>16,361,191</u>	<u>5,338,612</u>	<u>-</u>	<u>21,699,803</u>
Noncurrent Assets				
Unrestricted				
Capital Assets				
Land	11,473,007	-	-	11,473,007
Construction In Progress	15,244,843	-	-	15,244,843
Capital Assets Being Depreciated	251,543,122	27,211,596	-	278,754,718
Less: Accumulated Depreciation	(66,308,750)	(2,809,338)	-	(69,118,088)
Total Capital Assets (Net)	<u>211,952,222</u>	<u>24,402,258</u>	<u>-</u>	<u>236,354,480</u>
Other Assets - Unamortized Bond Issuance Costs	2,586,726	869,668	-	3,456,394
Total Noncurrent Assets	<u>214,538,948</u>	<u>25,271,926</u>	<u>-</u>	<u>239,810,874</u>
Total Assets	<u>\$ 239,448,236</u>	<u>\$ 30,839,631</u>	<u>\$ (5,980)</u>	<u>\$ 270,281,887</u>

000161

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Combining Statement of Net Assets - Proprietary Funds

April 30, 2004

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
LIABILITIES AND NET ASSETS				
Current Liabilities				
Unrestricted				
Accounts Payable	\$ 2,279,255	\$ 170,970	\$ -	\$ 2,450,225
Sewer and Garbage Collections	2,932,184	-	-	2,932,184
Accrued Wages/Payroll Taxes Payable	336,792	-	-	336,792
Prepaid Customer Accounts	142,276	-	-	142,276
Capital Lease	1,394,531	-	-	1,394,531
Contracts Payable	77,506	-	-	77,506
Security Deposits	35,555	-	-	35,555
Intercompany Payable	5,830	150	(5,980)	-
Accrued Vacation	376,783	-	-	376,783
Deferred Revenue	650,000	-	-	650,000
Insurance Claims Liability	191,784	-	-	191,784
Other Accrued Expenses	90,571	-	-	90,571
Total Unrestricted Current Liabilities	<u>8,513,067</u>	<u>171,120</u>	<u>(5,980)</u>	<u>8,678,207</u>
Current Liabilities Payable from Restricted Assets				
Accrued Bond Interest Payable	3,787,604	520,324	-	4,307,928
Revenue Bonds payable Within One Year	<u>2,630,000</u>	<u>1,045,000</u>	<u>-</u>	<u>3,675,000</u>
Total Current Liabilities Payable from Restricted Assets	<u>6,417,604</u>	<u>1,565,324</u>	<u>-</u>	<u>7,982,928</u>
Total Current Liabilities	<u>14,930,671</u>	<u>1,736,444</u>	<u>(5,980)</u>	<u>16,661,135</u>
Noncurrent Liabilities				
Accreted Interest Payable	4,055,225	2,028,806	-	6,084,031
Revenue Bonds Payable	157,875,403	26,351,424	-	184,226,827
Less: Unamortized Discounts	(2,480,202)	(272,218)	-	(2,752,420)
Commercial Paper Notes	15,000,000	-	-	15,000,000
Capital Leases Payable	2,870,009	-	-	2,870,009
Contracts Payable	<u>32,463</u>	<u>-</u>	<u>-</u>	<u>32,463</u>
Total Noncurrent Liabilities	<u>177,352,898</u>	<u>28,108,012</u>	<u>-</u>	<u>205,460,910</u>
Total Liabilities	<u>192,283,569</u>	<u>29,844,456</u>	<u>(5,980)</u>	<u>222,122,045</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	35,714,013	(2,836,086)	-	32,877,927
Restricted Net Assets				
Restricted for Debt Service	7,745,070	814,607		8,559,677
Restricted for Construction	513,682			513,682
Restricted for Contingency and Escrow	<u>1,684,835</u>	<u>2,958,680</u>		<u>4,643,515</u>
Total Restricted Net Assets	<u>9,943,587</u>	<u>3,773,287</u>	<u>-</u>	<u>13,716,874</u>
Unrestricted Net Assets	<u>1,507,067</u>	<u>57,974</u>	<u>-</u>	<u>1,565,041</u>
Total Net Assets	<u>47,164,667</u>	<u>995,175</u>	<u>-</u>	<u>48,159,842</u>
Total Liabilities and Net Assets	<u>\$ 239,448,236</u>	<u>\$ 30,839,631</u>	<u>\$ (5,980)</u>	<u>\$ 270,281,887</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Combining Statement of Revenues, Expenses and Changes in
Net Assets - Proprietary Funds

Year Ended April 30, 2004

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
Operating Revenues				
Water Sales	\$ 37,249,594	\$ 4,403,252	\$ (4,403,252)	\$ 37,249,594
Customer Penalties and Fees	2,560,970	-	-	2,560,970
Impact Fees	1,946,495	-	-	1,946,495
Collection Fees for Sewer, Garbage and Fire Protection	1,070,449	-	-	1,070,449
Fire Protection	131,762	-	-	131,762
Regulatory Fees	944,407	-	-	944,407
Total Operating Revenues	<u>43,903,677</u>	<u>4,403,252</u>	<u>(4,403,252)</u>	<u>43,903,677</u>
Operating Expenses				
Production Expenses	22,890,396	1,059,896	(4,403,252)	19,547,040
Administrative and General Expenses	10,906,697	35,682	-	10,942,379
Depreciation	8,578,274	766,988	-	9,345,262
Total Operating Expenses	<u>42,375,367</u>	<u>1,862,566</u>	<u>(4,403,252)</u>	<u>39,834,681</u>
Operating Income	<u>1,528,310</u>	<u>2,540,686</u>	<u>-</u>	<u>4,068,996</u>
Non-Operating Revenues (Expenses)				
Gain on Swap Transactions	3,776,999	-	-	3,776,999
Grant Revenue	247,563	-	-	247,563
Interest Revenue	526,260	129,800	-	656,060
Main and Service Extensions	1,008,104	-	-	1,008,104
Bad Debts Recovered	36,982	-	-	36,982
Other Non-Operating Revenues	434,633	-	-	434,633
Loss on Sale of Capital Assets	51,565	(960,232)	-	(908,667)
Bond and Other Interest Expense	(8,540,539)	(1,437,462)	-	(9,978,001)
Amortization of Bond Issuance Costs	(1,211,149)	(59,108)	-	(1,270,257)
Total Non-Operating Revenues (Expenses)	<u>(3,669,582)</u>	<u>(2,327,002)</u>	<u>-</u>	<u>(5,996,584)</u>
Income Before Capital Contributions	<u>(2,141,272)</u>	<u>213,684</u>	<u>-</u>	<u>(1,927,588)</u>
Capital Contributions	<u>7,373,620</u>	<u>-</u>	<u>-</u>	<u>7,373,620</u>
Increase in Net Assets	<u>5,232,348</u>	<u>213,684</u>	<u>-</u>	<u>5,446,032</u>
Net Assets - Beginning Balance (Restated)	<u>41,932,319</u>	<u>781,491</u>	<u>-</u>	<u>42,713,810</u>
Net Assets - Ending Balance	<u>\$ 47,164,667</u>	<u>\$ 995,175</u>	<u>\$ -</u>	<u>\$ 48,159,842</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Statements of Cash Flows-Proprietary Funds

Year Ended April 30, 2004

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 40,360,555	\$ 4,403,252	\$ (4,403,252)	\$ 40,360,555
Cash Received from Other Services	4,470,580	-	-	4,470,580
Cash Payments to Suppliers for Goods and Services	(24,977,142)	(1,076,545)	4,403,252	(21,650,435)
Cash Payments to Employees for Services	(8,368,680)	-	-	(8,368,680)
Net Cash Provided by Operating Activities	11,485,313	3,326,707	-	14,812,020
Cash Flows From Investing Activities:				
Cash Received on Swap Transactions	3,699,104	-	-	3,699,104
Investment Income	526,260	129,800	-	656,060
Net Cash Provided by Investing Activities	4,225,364	129,800	-	4,355,164
Cash Flows From Capital & Related Financial Activities:				
Proceeds from Issuance of Commercial Paper	5,000,000	-	-	5,000,000
Grant Revenue	247,563	-	-	247,563
Repayments of Bad Debt	36,982	-	-	36,982
Other Non-Operating Revenues	434,633	-	-	434,633
Cash Proceeds from Sale of Capital Assets	38,927	-	-	38,927
Mains and Service Connection Fees	1,008,104	-	-	1,008,104
Principal Payments - Bonds and Notes	(2,275,000)	(1,005,000)	-	(3,280,000)
Principal Payments - Capital Leases	(1,151,622)	-	-	(1,151,622)
Principal Payments - Contracts Payable	(23,582)	-	-	(23,582)
Purchase of Capital Assets	(10,914,126)	(986,513)	-	(11,900,639)
Bond and Other Interest Expense	(7,984,131)	(1,061,501)	-	(9,045,632)
Net Cash (Used) for Capital and Related Financing Activities	(15,582,252)	(3,053,014)	-	(18,635,266)
Net Increase (Decrease) in Cash & Cash Equivalents	128,425	403,493	-	531,918
Cash & Cash Equivalents, Beginning of Year	17,521,659	5,158,382	-	22,680,041
Cash and Cash Equivalents, End of Year	\$ 17,650,084	\$ 5,561,875	\$ -	\$ 23,211,959
Reconciliation of Income From Operations to Net Cash Provided by Operating Activities				
Net Income or (Loss)	\$ 1,528,310	\$ 2,540,686	\$ -	\$ 4,068,996
Adjustments to Reconcile Net Income From Operations to Net Cash Provided by Operating Activities				
Depreciation	8,578,274	766,988	-	9,345,262
Credit Losses	891,733	-	-	891,733
(Increase) Decrease In:				
Accounts Receivable - District Customers	923,184	-	-	923,184
Accounts Receivable - Miscellaneous	(506,824)	-	-	(506,824)
Inventory of Materials and Supplies	(79,475)	-	-	(79,475)
Prepaid Expenses	(31,392)	-	-	(31,392)
Other Assets	19,637	-	-	19,637
Increase (Decrease) in:				
Accounts Payable	(765,574)	19,033	-	(746,541)
Sewer & Garbage Collection Payable	182,212	-	-	182,212
Accrued Wages/Payroll Taxes	85,296	-	-	85,296
Prepaid Customer Accounts	(8,539)	-	-	(8,539)
Accrued Vacation	115,196	-	-	115,196
Deferred Revenue	500,000	-	-	500,000
Insurance Claims Liability	191,784	-	-	191,784
Accrued Expenses - Other	(138,509)	-	-	(138,509)
Total Cash Provided by Operating Activities	\$ 11,485,313	\$ 3,326,707	\$ -	\$ 14,812,020

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Texas Supplementary Information

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

1. Services Provided by the District:

<input checked="" type="checkbox"/> Retail Water	<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Fire Protection
<input type="checkbox"/> Retail Sewer	<input type="checkbox"/> Irrigation	<input type="checkbox"/> Flood Control
<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Security
<input type="checkbox"/> Wholesale Sewer	<input type="checkbox"/> Drainage	<input type="checkbox"/> Roads
<input type="checkbox"/> Participants in joint venture, regional system and/or wastewater service (other than emergency interconnect)		
<input type="checkbox"/> Other		

2. Retail Rates Based on 5/8" Meter

☐ Retail Rates not applicable

The most prevalent type of meter (if not a 5/8"): _____

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	See attached schedule				
Sewer:	<u>N/A</u>				
Surcharge:	<u>N/A</u>				

Sewer usage employs winter averaging: N/A

Total water and sewer charges per 10,000 gallons usage (including surcharges): _____

3. Number of retail water and/or wastewater connections within the District as of fiscal year ended 4/30/04. Provide actual numbers and single family equivalents (ESFC).

	<u>Active Connections</u>	<u>Active ESFC</u>	<u>Inactive Connections (ESFC)</u>
Single Family	<u>70,606</u>	_____	_____
Multi-Family	<u>490</u>	_____	_____
Commercial	<u>2,883</u>	_____	_____
Other-recreational centers, government and VFD	<u>157</u>	_____	_____
TOTAL	<u><u>74,136</u></u>	<u>N/A</u>	<u>N/A</u>

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

4. Total water consumption (presented in 1,000 gallons) during the fiscal year:

Gallons pumped into system:	<u>11,735,761</u>
Gallons billed to customers:	<u>9,523,855</u>

5. Standby Fees: Does the District assess standby fees? Yes ☐ No ☒

6. Anticipated sources of funds to be used for debt service payments in the District's following fiscal year:

	<u>Amount</u>
a. Debt Service Tax Receipts	\$ <u> </u>
b. Surplus Construction Funds	<u> </u>
c. Water and/or Wastewater Revenue	<u>5,560,334</u>
d. Standby Fees	<u> </u>
e. Beginning Debt Service Fund Balances	<u>7,639,610</u>
f. Interest Revenues	<u> </u>
g. Other (describe) Commercial Paper Note Fund	<u> </u>
Total Anticipated Funds to be Used	\$ <u>13,199,944</u>

7. Location of District:

County(ies) in which district is located. Bexar, Atascosa, Medina, Comal

Is the District located entirely within one county? Yes ☐ No ☒

Is the District located within one city? Entirely ☐ Partly ☒ Not at all ☐

City(ies) in which district is located. San Antonio, Somerset, Castle Hills, Hill Country Village, Hollywood Park, Bulverde

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely ☐ Partly ☒ Not at all ☐

ETJ's in which district is located. San Antonio, Somerset, Castle Hills, Hill Country Village, Hollywood Park, Bulverde

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

7. Location of District: (Continued)

Is the general membership of the Board appointed by an office outside the District? Yes__ No X

If Yes, by whom? _____

Name of Contact Person: Mr. Thomas C. Moreno

Title: General Manager/CEO

Phone Number: (210) 354-6500

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

SERVICE RATES

Effective July 1, 2003

Group 1

Hidden Springs, Oakland Estates, Timber Oaks, Timberwood, Chaparral, Country Oaks, Elm Valley, Geronimo Forest, Legend Oaks, North San Antonio Hills, Remuda Ranch, Westview, Tameron, Becker Ranch Estates, Hickory Water, Pleasant Oaks, Savannah Heights, Silver Mountain, Water Services 3, Waterwood, Windy's Water, Meadow Wood Acres.

<u>Meter Size (inches)</u>	<u>Service Charge/Month</u>
5/8	\$ 22.93
3/4	22.93
1	34.45
1 1/2	63.01
2	97.41
2 1/2	162.93
3	177.72
4	292.44
6	849.58
8	1,510.35

<u>Consumption Block</u>	<u>Volumetric Charges</u>	<u>Rate/1,000 gallons</u>
Commercial Class:		
0-3,000 gal.		\$ 1.51
> 3,000 gal.		1.86
Residential Class:		
0-3,000 gal.		1.51
3,001 to 25,000 gal.		1.86
Over 25,000 gal.		2.90

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

Group 2

Castle Hills, Garden Valley, Northeast, Northwest, North San Antonio, Sal Saltillo Creek, Southside, Sara Martinez Creek 1, Sara Martinez Creek 2, Somerset, Vos, East Kelly, Briggs Ranch, Texas Research

<u>Meter Size (inches)</u>	<u>Service Charge/Month</u>
5/8	\$ 9.67
3/4	9.67
1	16.41
1 1/2	33.81
2	64.74
3	144.91
4	260.93
6	579.73
8	1,030.63

<u>Consumption Block</u>	<u>Volumetric Charges</u>	<u>Rate/1,000 gallons</u>
Commercial Class:		
0-10,000 gal.		\$ 1.58
10,001-74,400 gal.		1.84
Over 74,400 gal.		4.26
Residential Class:		
0-10,000 gal.		1.58
10,001-25,000 gal.		1.84
25,001-74,400 gal.		3.52
Over 74,000 gal.		4.26

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

Group 3

**Village Green, Woods of Fair Oaks, Bulverde Hills, Leon Springs, Mobile City, Woods of Spring
Branch, HEB-Retail Center**

<u>Meter Size (inches)</u>	<u>Service Charge/Month</u>
5/8	\$ 24.90
3/4	24.90
1	40.34
1 1/2	65.34
2	97.41
3	105.86
4	171.49

<u>Consumption Block</u>	<u>Volumetric Charges</u>	<u>Rate/1,000 gallons</u>
Commercial Class:		
0-1,000 gal.		\$ 1.56
Over 1,000 gal.		3.13
Residential Class:		
0-1,000 gal.		1.56
1,001 to 25,000 gal.		3.13
Over 25,000 gal.		4.50

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

Group 4

Embassy North, Hill Country Village, Hollywood Park, Stone Oak

<u>Meter Size (inches)</u>	<u>Service Charge/Month</u>
5/8	\$ 14.13
3/4	14.13
1	16.97
1 1/2	25.07
2	44.57
3	100.29
4	178.29
6	410.15
8	713.16

<u>Consumption Block</u>	<u>Volumetric Charges</u>	<u>Rate/1,000 gallons</u>
Commercial Class:		
0-10,000 gal.	\$	1.83
10,001-74,400 gal.		2.12
Over 74,400 gal.		4.52
Residential Class:		
0-10,000 gal.		1.83
10,001-25,000 gal.		2.12
25,001 to 74,400 gal.		3.26
Over 74,400 gal.		4.52

System Improvement/Resource Development Fee

<u>Meter Size</u>	<u>ESU</u>	<u>Fee/Mo</u>
5/8	1	\$ 6.15
3/4	1	6.15
1	2	12.30
1 1/2	5	30.73
2	8	49.17
3	18	110.63
4	32	196.67
6	70	430.22
8	120	737.53

EAA Pass-Through Fee:
Volumetric Charge Per 1,000 gallons of water consumption \$.09

TCEQ Pass-Through Fee:
Percentage of Bexar Met Retail Water and Sewer Revenue 0.5%

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

Effective July 1, 2003

Install Service Charge

3/4" x 5/8"
3/4" x 1"
1" x 1"
Square Meter Box

New Charges

\$ 750
850
950
100

Annual Fire Protection Charge

4" Fire Line
6" Fire Line
8" Fire Line
10" Fire Line
12" Fire Line

New Charges

\$ 500
750
1,000
1,250
1,500

Miscellaneous Charges

Collector's trip on delinquent account
Turn off for service non-payment
(2nd attempt) Turn on open fixtures each occurrence
Additional trip after 4p.m. and on weekends and holidays
Turn on weekends and holidays
Straight connection, each occurrence
Broken locks, each occurrence
Crimping of service, each occurrence

\$ 15
20
20
25
25
100
50
250

Meter Size

G.P.M.

Non-Refundable Service Fee

5/8" x 3/4"
3/4" x 1"
1" x 1"
1 1/2" x 1 1/2"
1 1/2" x 2"
2" x 2" Turbo
3" x 3" Turbo
4" Turbo
4" Compound Meter
6" Turbo w/Strainer
6" Compound Meter

SR 20
SR 30
SR 50
SR 100

SR 160
SR 350
1000
500
2000
1000

\$ 25
25
25
35
35
35
45
45
45
60
60

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

6" Meter		60
8" Meter		60
10" Meter		60
12" Meter		70
6" Fire Line Meter	1600	60
8" Fire Line Meter	2800	60
10" Fire Line Meter		60
12" Fire Line Meter		70

Main Extension Fees

Non-Refundable Svc. Fee

Homeowner Minimum (Per Linear Foot)	\$ 14
Install Fire Hydrant for Homeowners Only	1,200
Pro-Rated Main (Per Linear Foot)	18
6" Ductile Pipe (By Exception Only)	Quoted
8" Ductile Pipe – Fire Hydrants Included	Quoted
12" Ductile Pipe – Fire Hydrants Included	Quoted
16" Ductile Pipe – Fire Hydrants Included	Quoted
24" Ductile Pipe – Fire Hydrants Included	Quoted
Other Materials (C 900, Drisco Pipe, etc.)	Quoted

Impact Fees - Effective: September 1, 2003

Somerset/Southside**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$794.80 x 1	\$ 794.80	\$ 200*
1"	50	\$794.80 x 2	1,589.60	200*
1 1/2"	100	\$794.80 x 5	3,974.00	Quoted
2"	160	\$794.80 x 8	6,358.40	Quoted
3"	350	\$794.80 x 18	14,306.40	Quoted
4"	640	\$794.80 x 32	25,433.00	Quoted
6"	1,400	\$794.80 x 70	55,636.00	Quoted
8"	2,400	\$794.80 x 120	95,376.00	Quoted
10"	3,800	\$794.80 x 190	151,012.00	Quoted

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

Southeast**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$794.80 x 1	\$ 794.80	\$ 200*
1"	50	\$794.80 x 2	1,589.60	200*
1 1/2"	100	\$794.80 x 5	3,974.00	Quoted
2"	160	\$794.80 x 8	6,358.40	Quoted
3"	350	\$794.80 x 18	14,306.40	Quoted
4"	640	\$794.80 x 32	25,433.60	Quoted
6"	1,400	\$794.80 x 70	55,636.00	Quoted
8"	2,400	\$794.80 x 120	95,376.00	Quoted
10"	3,800	\$794.80 x 190	151,012.00	Quoted

Impact Fees - Effective: September 1, 2003 (Continued)

Northeast**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$794.80 x 1	\$ 794.80	\$ 200*
1"	50	\$794.80 x 2	1,589.60	200*
1 1/2"	100	\$794.80 x 5	3,974.00	Quoted
2"	160	\$749.80 x 8	6,358.00	Quoted
3"	350	\$794.80 x 18	14,306.40	Quoted
4"	640	\$749.80 x 32	25,433.60	Quoted
6"	1,400	\$749.80 x 70	55,636.00	Quoted
8"	2,400	\$794.80 x 120	95,376.00	Quoted
10"	3,800	\$794.80 x 190	151,012.00	Quoted

Northwest**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$794.80 x 1	\$ 794.80	\$ 200*
1"	50	\$794.80 x 2	1,589.60	200*
1 1/2"	100	\$794.80 x 5	3,974.00	Quoted
2"	160	\$794.80 x 8	6,358.40	Quoted
3"	350	\$794.80 x 18	14,306.40	Quoted
4"	640	\$794.80 x 32	25,433.60	Quoted
6"	1,400	\$794.80 x 70	55,636.00	Quoted
8"	2,400	\$794.80 x 120	95,376.00	Quoted
10"	3,800	\$794.80 x 190	151,012.00	Quoted

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Services and Rates

Year Ended April 30, 2004

Castle Hills**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$300.50 x 1	\$ 300.50	\$ 200*
1"	50	\$300.50 x 2	601.00	200*
1 1/2"	100	\$300.50 x 5	1,502.50	Quoted
2"	160	\$300.50 x 8	2,404.00	Quoted
3"	350	\$300.50 x 18	5,409.00	Quoted
4"	640	\$300.50 x 32	9,616.00	Quoted
6"	1,400	\$300.50 x 70	21,035.00	Quoted
8"	2,400	\$300.50 x 120	36,060.00	Quoted
10"	3,800	\$300.50 x 190	57,095.00	Quoted

Impact Fee/Area Service Fee - Effective: September 1, 2003

Stone Oak, Hill Country, Hollywood Park**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$494.50 x 1	\$ 494.50	\$ 200*
1"	50	\$494.50 x 2	989.00	200*
1 1/2"	100	\$494.50 x 5	2,472.50	Quoted
2"	160	\$494.50 x 8	3,956.00	Quoted
3"	350	\$494.50 x 18	8,901.00	Quoted
4"	1,000	\$494.50 x 32	15,824.00	Quoted
6"	1,400	\$494.50 x 70	34,580.00	Quoted
8"	2,400	\$494.50 x 120	59,340.00	Quoted
10"	3,800	\$494.50 x 190	93,955.00	Quoted

* If Service Installed By Developer

** If Applicable Additional Fees Apply if Service Install by BMWD

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Enterprise Fund Expenses

For the Year Ended April 30, 2004

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Total
Production Expenses			
Payroll and Payroll Taxes	\$ 4,687,303	\$ -	\$ 4,687,303
Power Used	2,718,568	-	2,718,568
Fuel Expense	381,263	-	381,263
Insurance Expense	2,400,601	-	2,400,601
Maintenance	2,084,036	-	2,084,036
Production Expenses	-	1,059,896	1,059,896
Lease Payments to Development Corporation	4,403,248	-	4,403,248
Water Purchases and Treatment	5,886,882	-	5,886,882
Contracts and Rentals	315,244	-	315,244
Miscellaneous Expenses	13,251	-	13,251
Total Production Expenses	\$ 22,890,396	\$ 1,059,896	\$ 23,950,292
Administrative and General Expenses			
Payroll and Payroll Taxes	\$ 4,073,652	\$ -	\$ 4,073,652
Directors Fees	22,710	-	22,710
Agency Fees	327,577	-	327,577
Insurance Expense	1,695,247	-	1,695,247
Professional Services	2,531,557	15,030	2,546,587
Office Supplies and Expense	183,675	-	183,675
Communication Expenses	287,948	-	287,948
Dues and Subscriptions	133,642	-	133,642
Licenses and Permits	95,599	-	95,599
Postage	316,624	-	316,624
Training	57,499	-	57,499
Travel and Entertainment	65,115	-	65,115
Utilities	80,650	-	80,650
Security	298,116	-	298,116
Data Processing Services	62,566	-	62,566
Credit Losses	699,127	-	699,127
Benefits and Hiring Expense	70,173	-	70,173
Financial Expenses	384,623	-	384,623
Election Expenses	30,691	-	30,691
Contracts and Rentals	165,749	-	165,749
Miscellaneous Expenses	264,084	20,652	284,736
Total Administrative and General Expenses	11,846,624	35,682	11,882,306
Overhead Allocated to Capital Projects	(810,349)	-	(810,349)
Equipment Expense Allocated to Capital Projects	(129,578)	-	(129,578)
Net Administrative and General Expenses	\$ 10,906,697	\$ 35,682	\$ 10,942,379

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule Of Temporary Investments

Year Ended April 30, 2004

Description	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable at End of Year
Local Government Investment Cooperative	2332-01	1.00%	Open	\$ 6,407,135	\$ -
Local Government Investment Cooperative	2332-02	1.00%	Open	126,437	-
Local Government Investment Cooperative	2332-04	1.00%	Open	1,517,244	-
Local Government Investment Cooperative	2332-05	1.00%	Open	161	-
Local Government Investment Cooperative	2332-07	1.00%	Open	1,269,656	-
Local Government Investment Cooperative	2332-08	1.00%	Open	513,682	-
JP Morgan US Govt MM Fund	201695.1	0.49%	Open	1,654,901	-
JP Morgan US Govt MM Fund	201666.8	0.49%	Open	19,740	-
JP Morgan US Govt MM Fund	201666.1	0.49%	Open	193,759	-
JP Morgan US Govt MM Fund	201666.2	0.49%	Open	1,652,407	-
JP Morgan US Govt MM Fund	201666.3	0.49%	Open	2,379,931	-
JP Morgan US Govt MM Fund	201666.4	0.49%	Open	223,263	-
JP Morgan US Govt MM Fund	201666.6	0.49%	Open	7,143	-
JP Morgan US Govt MM Fund	201666.5	0.49%	Open	1,079,519	-
JP Morgan US Govt MM Fund	201666.9	0.49%	Open	6,114	-
Totals				\$ 17,051,092	\$ -

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000180

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Long-Term Debt Service Requirements

Year Ended April 30, 2004

1-May Year	Revenue Bonds Series 1995			Revenue Refunding Bond Series 2002		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 1,215,000	\$ 2,174,188	\$ 3,389,188	\$ 1,055,000	\$ 2,672,996	\$ 3,727,996
2005	1,275,000	2,113,438	3,388,438	1,070,000	2,641,346	3,711,346
2006	790,000	2,048,414	2,838,414	1,585,000	2,617,272	4,202,272
2007	830,000	2,006,938	2,836,938	1,630,000	2,576,062	4,206,062
2008	870,000	1,961,288	2,831,288	1,695,000	2,528,792	4,223,792
2009	915,000	1,913,438	2,828,438	1,755,000	2,473,704	4,228,704
2010	965,000	1,863,114	2,828,114	1,820,000	2,412,278	4,232,278
2011	1,025,000	1,805,214	2,830,214	1,890,000	2,344,938	4,234,938
2012	1,090,000	1,743,714	2,833,714	1,970,000	2,273,118	4,243,118
2013	1,150,000	1,678,314	2,828,314	2,050,000	2,194,318	4,244,318
2014	1,220,000	1,609,314	2,829,314	2,145,000	2,084,132	4,229,132
2015	1,810,000	1,536,114	3,346,114	1,365,000	1,968,838	3,333,838
2016	1,920,000	1,427,514	3,347,514	1,425,000	1,895,468	3,320,468
2017	2,030,000	1,314,714	3,344,714	1,490,000	1,818,876	3,308,876
2018	2,150,000	1,195,452	3,345,452	1,560,000	1,738,788	3,298,788
2019	2,275,000	1,069,138	3,344,138	1,640,000	1,654,938	3,294,938
2020	2,410,000	935,482	3,345,482	1,720,000	1,566,788	3,286,788
2021	2,550,000	793,896	3,343,896	1,825,000	1,474,338	3,299,338
2022	2,700,000	644,082	3,344,082	1,915,000	1,383,088	3,298,088
2023	2,395,000	485,458	2,880,458	2,010,000	1,287,338	3,297,338
2024	2,545,000	333,376	2,878,376	2,110,000	1,186,838	3,296,838
2025	2,705,000	171,768	2,876,768	2,215,000	1,081,338	3,296,338
2026	-	-	-	2,325,000	970,588	3,295,588
2027	-	-	-	2,440,000	854,338	3,294,338
2028	-	-	-	2,570,000	729,288	3,299,288
2029	-	-	-	2,700,000	597,576	3,297,576
2030	-	-	-	2,840,000	459,200	3,299,200
2031	-	-	-	2,985,000	313,650	3,298,650
2032	-	-	-	3,135,000	160,668	3,295,668
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 36,835,000</u>	<u>\$ 30,824,368</u>	<u>\$ 67,659,368</u>	<u>\$ 56,935,000</u>	<u>\$ 47,960,900</u>	<u>\$ 104,895,900</u>

Revenue
Notes
Series 1995A

Revenue Bonds Series 1998

Principal	Principal	Interest	Accreted Interest	Total
\$ 125,000	\$ 235,000	\$ 2,684,548	\$ -	\$ 2,919,548
125,000	245,000	2,674,678	-	2,919,678
125,000	810,000	2,664,265	-	3,474,265
125,000	840,000	2,629,435	-	3,469,435
125,000	880,000	2,592,475	-	3,472,475
125,000	915,000	2,552,875	-	3,467,875
125,000	960,000	2,510,785	-	3,470,785
125,000	1,005,000	2,465,665	-	3,470,665
125,000	1,050,000	2,417,425	-	3,467,425
125,000	1,100,000	2,366,500	-	3,466,500
125,000	1,150,000	2,311,500	-	3,461,500
125,000	1,575,000	2,254,000	-	3,829,000
125,000	1,650,000	2,175,250	-	3,825,250
-	1,860,000	2,092,750	-	3,952,750
-	1,955,000	1,999,750	-	3,954,750
-	2,050,000	1,902,000	-	3,952,000
-	2,155,000	1,799,500	-	3,954,500
-	2,260,000	1,691,750	-	3,951,750
-	2,375,000	1,578,750	-	3,953,750
-	2,955,000	1,460,000	-	4,415,000
-	3,105,000	1,312,250	-	4,417,250
-	3,265,000	1,157,000	-	4,422,000
-	1,394,631	993,750	4,905,369	2,388,381
-	1,309,896	993,750	4,990,104	2,303,646
-	1,233,225	993,750	5,066,775	2,226,975
-	1,164,912	993,750	5,140,088	2,158,662
-	1,099,340	993,750	5,205,660	2,093,090
-	1,037,299	993,750	5,267,701	2,031,049
-	978,536	993,750	5,326,464	1,972,286
-	922,863	993,750	5,382,137	1,916,613
-	873,306	993,750	5,431,694	1,867,056
-	826,396	993,750	5,478,604	1,820,146
-	6,305,000	993,750	-	7,298,750
-	6,620,000	678,500	-	7,298,500
-	6,950,000	347,500	-	7,297,500
\$ 1,625,000	\$ 65,110,403	\$ 59,250,401	\$ 52,194,596	\$ 124,360,804

BEXAR METROPOLITAN WATER DISTRICT
San Antonio, Texas

Schedule of Long-Term Debt Service Requirements

Year Ended April 30, 2004

Bexar Metropolitan Development Corp Revenue Series 1998						Total	
1-May Year			Accreted Interest	Total	Principal		Interest
	Principal	Interest					
2004	\$ 1,045,000	\$ 1,040,649	\$ -	\$ 2,085,649	\$ 3,675,000	\$ 8,572,381	
2005	1,090,000	996,758	-	2,086,758	3,805,000	8,426,220	
2006	1,135,000	950,432	-	2,085,432	4,445,000	8,280,383	
2007	1,185,000	901,628	-	2,086,628	4,610,000	8,114,063	
2008	1,240,000	849,488	-	2,089,488	4,810,000	7,932,043	
2009	1,295,000	793,688	-	2,088,688	5,005,000	7,733,705	
2010	1,355,000	734,118	-	2,089,118	5,225,000	7,520,295	
2011	1,420,000	670,432	-	2,090,432	5,465,000	7,286,249	
2012	1,485,000	602,272	-	2,087,272	5,720,000	7,036,529	
2013	1,560,000	530,250	-	2,090,250	5,985,000	6,769,382	
2014	710,162	452,250	924,838	2,087,250	5,350,162	6,457,196	
2015	668,143	452,250	966,857	2,087,250	5,543,143	6,211,202	
2016	628,020	452,250	1,006,980	2,087,250	5,748,020	5,950,482	
2017	591,886	452,250	1,043,114	2,087,250	5,971,886	5,678,590	
2018	560,740	452,250	1,074,260	2,087,250	6,225,740	5,386,240	
2019	531,228	452,250	1,103,772	2,087,250	6,496,228	5,078,326	
2020	501,128	452,250	1,133,873	2,087,251	6,786,128	4,754,020	
2021	474,673	452,250	1,160,327	2,087,250	7,109,673	4,412,234	
2022	449,592	452,250	1,185,408	2,087,250	7,439,592	4,058,170	
2023	425,852	452,250	1,209,148	2,087,250	7,785,852	3,685,046	
2024	1,635,000	452,250	-	2,087,250	9,395,000	3,284,714	
2025	1,720,000	370,500	-	2,090,500	9,905,000	2,780,606	
2026	1,805,000	284,500	-	2,089,500	5,524,631	2,248,838	
2027	1,895,000	194,250	-	2,089,250	5,644,896	2,042,338	
2028	1,990,000	99,500	-	2,089,500	5,793,225	1,822,538	
2029	-	-	-	-	3,864,912	1,591,326	
2030	-	-	-	-	3,939,340	1,452,950	
2031	-	-	-	-	4,022,299	1,307,400	
2032	-	-	-	-	4,113,536	1,154,418	
2033	-	-	-	-	922,863	993,750	
2034	-	-	-	-	873,306	993,750	
2035	-	-	-	-	826,396	993,750	
2036	-	-	-	-	6,305,000	993,750	
2037	-	-	-	-	6,620,000	678,500	
2038	-	-	-	-	6,950,000	347,500	
	\$ 27,396,424	\$ 13,993,215	\$ 10,808,577	\$ 52,198,216	\$ 187,901,827	\$ 152,028,884	

Debt Service

Accreted		Total	
Interest			
\$	-	\$	12,247,381
	-		12,231,220
	-		12,725,383
	-		12,724,063
	-		12,742,043
	-		12,738,705
	-		12,745,295
	-		12,751,249
	-		12,756,529
	-		12,754,382
	924,838		12,732,196
	966,857		12,721,202
	1,006,980		12,705,482
	1,043,114		12,693,590
	1,074,260		12,686,240
	1,103,772		12,678,326
	1,133,873		12,674,021
	1,160,327		12,682,234
	1,185,408		12,683,170
	1,209,148		12,680,046
	-		12,679,714
	-		12,685,606
	4,905,369		12,678,838
	4,990,104		12,677,338
	5,066,775		12,682,538
	5,140,088		10,596,326
	5,205,660		10,597,950
	5,267,701		10,597,400
	5,326,464		10,594,418
	5,382,137		7,298,750
	5,431,694		7,298,750
	5,478,604		7,298,750
	-		7,298,750
	-		7,298,500
	-		7,297,500
\$	63,003,173	\$	402,933,884